

Message Text

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PAGE 01 ROME 13486 211930Z

ACTION IO-14

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INFO USMISSION GENEVA

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E.O. 11652: N/A

TAGS: AOR, FAO, EFIN

SUBJ: FAO 1980-81 BUDGET: GENEVA GROUP ROME POSITION

REF : A) ROME 10213

B) ROME 13485

1. FOLLOWING STATEMENT IS AGREED NOTE BY CO-CHAIRMEN REFLECTING GENEVA GROUP AD REFERENDUM CONSENSUS REACHED AT MEETING ON JULY 19. NEXT MTG WILL BE AT UK EMBASSY, THURSDAY, AUGUST 10 AT WHICH GROUP WILL, IF CONSENSUS REACHED ON SUBSTANCE DRAFT PRESENTATION OF TALKING POINTS FOR USE WITH DG:

2. QUOTE THE SENSE OF THE GENEVA GROUP MEETING OF JULY 19 ON WHAT SHOULD BE THE BASIS OF A SEPTEMBER APROACH TO THE DIRECTOR-GENERAL MODIFIED IN SEVERAL RESPECTS THE PARAMETERS DEFINED IN HE MEETING OF JUNE 27. THE GROUP MEMBERS EXAMINED AND DISCUSSED PROPOSAL BY THE SUB-COMMITTEE ON FINANCE TO LOWER THE BASE ON WHICH A NET REAL GROWTH PERCENTAGE LIMIT WOULD BE CALCULATED BY SUBTRACTING THE 1978-79 COST OF THE FAO COUNTRY REPRESENTATIVES' PROGRAM AND DEALING WITH THAT MATTER SEPARATELY.
UNCLASSIFIED

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PAGE 02 ROME 13486 211930Z

THEY CONCLUDED, HOWEVER, THAT IT WOULD BE EASIER TO AGREE ON AND DISCUSS A NET REAL GROWTH PERCENTAGE LIMIT WHICH COVERED ALL PROGRAMS, INCLUDING THE COUNTRY REPRESENTATIVES, PROGRAM. THEY AGREED, AD REFERENDUM TO THEIR GOVERNMENTS, AND WITH A CLEAR RESERVATION THE CONCEPT OF A NET REAL GROWTH LIMIT BY THE ACTING REPRESENTATIVE OF THE NETHERLANDS, THAT A NET REAL GROWTH IERCENTAGE LIMIT OF 2 PERCENT PER ANNUN (FOLLOWING THE

WHO MODEL) APPLIED TO KA BASE OF DOLS 210 MILLION WOULD BE THE MOST PRACTICAL BASIS FOR ROME GENEVA GROUP AGREEMENT AND FOR SUBSEQUENT PRESENTATION TO THE DIRECTOR-GENERAL.

3. IN AGREEING ON THE FUTURE OF DOLS 210 MILLION AS A BASE FOR CALCULATING NET REAL PERCENTAGE GROWTH, THEY RECOGNIZED THE IMPORTANCE OF THE PRINCIPLE OF REDUCING THE LEVEL OF THE BUDGET OF THE PRESENT BIENNIUM BY SUBTRACTING DOLS 1,350,000 FROM THE DOLS 211,350,000 1978-79 FAO BUDGET AS A NON-RECURRING COST RELATING TO THE WORLD CONFERENCE ON AGRARIAN REFORM AND RURAL DEVELOPMENT (WCARRD). THEY RECOGNIZED THAT THIS REDUCTION DID NOT EXHAUST THE FULL POSSIBILITIES FOR IDENTIFYING NON-RECURRING COSTS FOR WCARRD, FOR OTHER PROGRAMS WHICH MAY LAPSE, OR FOR CASH SAVINGS WHICH AS THE SUB-COMMITTEE POINTED OUT, HAD BEEN PRODUCED IN THE 1976-77 BUDGET AND MIGHT AGAIN OCCUR IN THE 1978-79 BUDGET.

4. HOWEVER, THEY FELT THAT THE DOLS 210 FIGURE WAS A REMINDER OF THE LEVEL WHICH COULD WELL HAVE PRODUCED BROAD GENEVA GROUP SUPPORT OF THE DIRECTOR-GENERAL'S 1978-79 BUDGET WITHIN THE GENEVA GROUP AND THUS LIKELY TO PROVIDE A BASE WHICH COULD NOT BE SUBJECT TO SERIOUS DISPUTE ON THIS OCCASION. THIS WOULD BE OF CONSIDERABLE IMPORTANCE IN A PRESENTATION WHICH PROVIDED FOR THE INCLUSION OF THE ANTICIPATED GROWTH OF THE COUNTRY REPRESENTATIVES' PROGRAM WITHIN THE ACROSS-THE-BOARD 2 PER CEN PER ANNUM REAL GROWTH LIMIT.
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PAGE 03 ROME 13486 211930Z

5. THE GROUP EXAMINED THE ASSESSMENT BY THE SUB-COMMITTEE ON FINANCE OF THE IMPACT OF INFLATION AND CURRENCY EXCHANGE FLUCTUATION ON THE NEXT BUDGET, HAVING IN MIND THAT 1978-79 FAO EXPENDITURE FOR 1978-79 COULD RISE FROM DOLS 211,350,000 TO DOLS 216,350,000 IF THE DOLS 5 MILLION SPECIAL RESERVE FUND WERE TO BE USED IN ENTIRETY. THEY CONCLUDED THAT FOR THE PURPOSES OF A SEPTEMBER 1978 APPROACH TO THE DIRECTOR-GENERAL CONCERNING THE 1979-81 BUDGET, IT WOULD BE TOO EARLY TO ATTEMPT TO DEAL WITH THESE FACTORS, EVEN IF THEY MIGHT ARGUABLY AFFECT THE CALCULATION OF A BASE DERIVED FROM 1978-79 EXPENDITURE.

5. SEVERAL MEMBERS STATED THAT THEIR GOVERNMENTS' ULTIMATE AGREEMENT TO AN APPROACH TO THE DIRECTOR-GENERAL BASED ON THE ABOVE POINTS WOULD DEPEND ON HOW THE APPROACH WAS FORMULATED AND PRESENTED AND IT WAS AGREED THAT THIS MATTER WOULD BE ADDRESSED AND RESUBMITTED TO GOVERNMENTS AS SOON AS AGREEMENT WAS REACHED ON SUBSTANCE, HOPEFULLY AT THE NEXT MEETING SCHEDULED FOR AUGUST 10, 1978. END QUOTE

6. 6. COMMENT: FRENCH AND GERMAN REPS WERE ADSENT FROM MTG. UK POSITION NOTABLY SHIFTED TO ACCEPT 2 PERCENT LIMIT, WITH

GROWTH IN COUNTRY REP'S PROGRAM INCLUDED IN THE 2 PERCENT.
ALL REPS PRESENT FELT THAT, AFTER WHO PRECEDENT, GROWTH LIMIT
OF LESS THAN 2 PERCENT NOT VIABLE POLITICALLY EVEN THOUGH SOME
GOVERNMENTS COMMITTED TO ZERO GROWTH. U.S. REP STATED HE DID
NOT BELIEVE US WOULD BE WILLING CONSIDER SUPPORT USE OF DOLS
210 AS A BASE UNLESS ENTIRE GENEVA GROUP ENDORSED 2 PERCENT NET
REAL PERCENTAGE GROWTH LIMIT.GARDNER

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